



Compass Accountants

Newsletter - September/October 2015

Helping you to shape your future... not just accounting for your past...

TaxAngles - For proactive tax planning

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More on the dividend tax

As we mentioned in last month's newsletter, from April 2016, the present dividend tax credit of 10% is being abolished and is being replaced with an annual dividend allowance of £5,000.

To recap, dividends received in excess of the £5,000 allowance will be taxed at increasing rates according to your highest rate of Income Tax:

- 7.5% if you are a basic rate taxpayer
- 32.5% if you are a higher rate tax payer, and
- 38.1% if you are an additional rate tax payer.

These changes will make a difference to all limited company shareholder/directors who presently receive a small salary and large dividends. Many will be paying more tax as a result.

We recommend that all affected readers undertake a review of their tax position from April 2016 so that they are aware of the financial impact on their personal disposable income.

But what about tax payers who receive significant dividend income from diverse investments and do not, necessarily, run their own company?

If your dividend income is likely to exceed the £5,000 limit you could consider the following actions to minimise any additional dividend tax:

1. Make sure you use the ISA limit to transfer high dividend yield shares into this tax free environment.

2. Each person will be entitled to the £5,000 relief so spouses could consider equalising their share holdings in an attempt to make the most of their individual £5,000 allowance.
3. As the additional tax, on dividends received in excess of the £5,000 limit, is at higher rates for higher rate and additional rate Income Tax payers, consider transferring shares to a lower taxed spouse to restrict tax to the lower 7.5% rate.
4. If you are a higher or additional rate tax payer and you have significant dividend income, you could look for ways to reduce your overall taxable income and therefore reduce an additional dividend tax charge. For example, by deferring withdrawals from a draw down pension. If it is likely that you will be crossing the £5,000 rubicon next year, now is the time to plan an effective tax mitigation strategy. Please call if you would like our assistance.

Do you own a property in the EU?

If you own property in the EU you may be advised to revisit your Wills and make sure that you are not affected by the automatic succession rules that apply in many countries. For example, in France it is the usual practice to ensure that property is left to children rather than the surviving spouse.

Recent changes in EU law and practice mean that you can now nominate the jurisdiction that you wish your EU property to be ruled by. This may mean a change to your current Will in the UK, or by creating a second Will to cover your EU property.

In effect, citizens are able to choose whether the law applicable to their succession should be that of their last habitual residence or that of their nationality.

Quote of the month...



"Shallow men believe in luck. Strong men believe in cause and effect" - Ralph Waldo Emerson on productivity.

Vehicle Excise Duty changes from April 2017

If you are concerned about the annual cost of a VED license you may want to consider your car replacement options before the new VED regime starts April 2017. It will apply to all cars first registered after 1 April 2017.

From this date, VED will still be based on CO2 emissions, but the present generous rates for low CO2 vehicles will largely disappear. The only exception is zero emission vehicles which will continue to have a £0 charge.

VED will be split into two bands: a starter band, which will apply for the first year, and a standard rate, which will apply to subsequent years of ownership.

The rates gradually increase for the initial starter band. For emissions between 1 to 50g/km the starter rate is just £10. At the other extreme, cars with a CO2 rating in excess of 255g/km, the starter rate is a significant £2,000.

Owners of all vehicles with a CO2 emission rate in excess of 0g/km will then pay an annual, standard rate of £140 for the second and subsequent years of ownership.

Finally, cars with a list price above £40,000 will pay a supplement of £310 a year for the first 5 years at which the standard rate is applied. i.e. the annual standard rate for these



Sunday trading review

The Government is undertaking a review of the Sunday Trading legislation. The review aims to deal with the concerns of larger high street retailers, who are concerned that they cannot compete effectively with online retailers unless they are open seven days a week at normal opening hours.

The Government is consulting on plans to give local areas the power to allow large shops to open for longer on Sundays. The reforms would give metro mayors and local authorities the power to determine Sunday trading rules that reflect the needs of local people and allow shops and high streets to stay open longer and compete with online retailers.

Local authorities would have the discretion to zone which part of their local authority area would benefit from the longer hours, allowing them to boost town centres and high streets.

The existing Sunday trading laws were introduced more than 20 years ago before high-street shops faced competition from online retailers. The law currently prevents large stores from opening for more than 6 hours.

Small shops covering less than 3,000 sq ft can open all day.

The Government is committed to giving the UK's major cities the power to compete for international tourism while increasing consumer choice. Paris has recently extended Sunday trading opening hours in areas of international tourism, and Dubai and New York shops open into the evening 7 days a week.



How to win a public procurement contract

Compared to other EU countries, a very small percentage of the UK's SMEs take part in public procurement contracts. In fact, it was recently reported that 74 per cent of SME employers said they had not done any work for the public sector in the past year. However, the government plans to change the way that public sector procurement contracts are awarded in an effort to make it easier for SMEs to win them.

The SME business magazine, Real Business have rounded up some tips on how you can improve your chances of getting a piece of the action, whilst also helping the government achieve its spending goals. The article focuses on research, pitching, overcoming hurdles, tender application and more. To read the full item, go to the Real Business' full article by clicking <http://realbusiness.co.uk/article/30867-how-to-win-a-public-procurement-contract>

Stamp Duty Land Tax (SDLT) warning

When you purchase a new home Compass Accountants may not be involved in the transaction at all. The conveyancing solicitor will handle the land registration and SDLT forms, and in the past some conveyancers offered schemes to avoid paying the SDLT.

If you took up such a SDLT avoidance scheme you need to talk to them about HMRC's new position on SDLT avoidance, as set out in Spotlight no. 25. HMRC are advising taxpayers who have used any SDLT avoidance scheme to contact them without delay and pay the SDLT liability due. There is likely to be interest due on any late paid SDLT, but the taxpayer may get away with a zero or low penalty if they make a full disclosure **before** HMRC approach **them**.

You may protest that the SDLT scheme you were sold was "water tight" and no tax cases have been taken to prove it doesn't work. That may be so, but the Government can change the tax law with retrospective effect, and the case of APVCO Ltd has shown that taxpayers have no grounds on which to argue against that.

On 21 March 2012 George Osborne announced measures to block various SDLT schemes and said that similar schemes would be blocked when discovered. Anti-avoidance legislation was included in FA 2012 and FA 2013, with both sets of provisions back-dated to take effect from 21 March 2012. So if you tried to avoid SDLT on or after 21 March 2012, you will now have to pay up!

.....and here's someone you should meet - Enable Me

Enable Me is a unique not-for-profit organisation based in Littlehampton working to raise disability awareness to communities in and around West Sussex. We spoke with Chairman, Chris Jay to find out more about the charity and the wonderful work it does...

Since its inception in 2005, Enable Me has provided services that include awareness workshops for schools and businesses, Youth Clubs for disabled young people, disability sports clubs and animation workshops. With an ever-growing team of trained volunteers and an innovative range of services that deliver positive outcomes in the community, Enable Me has become a key provider of disability awareness training.

Executive Chairman of Enable Me, Chris Jay (who is himself a wheelchair user), describes how the charity is one of a kind: "Whilst there are several disability awareness charities, we are to my knowledge, the only charity that provides services designed & delivered solely by those who have a disability themselves. We are unique in this sense."

"We believe that this is a critical element in the delivery and content of our services. It provides us with the ability to offer truly meaningful and worthwhile awareness training."

Beginning as a local government funded community development project 10 years ago, Enable Me facilitated work to children in schools in the local area, delivered then by only a small team of volunteers. The success of this project led to the continuation and development of the organisation, which, in 2009, became its own registered charity.

Since then, the charity has continued to facilitate a number of valuable activities such as Anim8 -a film and animation workshop that has been developed for children and young people on the autistic spectrum.

"Anim8 has been a great success" explains Chris, "It has enabled children with autism in schools across Burgess Hill, Crawley, Chichester and soon in Littlehampton and Arundel, to truly express themselves through the development and creation of animation. They use resources such as Lego, plasticine and sugar-paper to create their own characters, and the results are recorded on the technology provided. The joy they get from them seeing their own creations on the screen is incredible!"

Another area of training Enable Me has developed is its disability awareness courses for sporting professionals, providing modules for coaches and PE teachers in mainstream, specialist schools and the community. Here, the aim is to empower teachers with the skills to make PE and sports inclusive to children with disabilities. Chris continues, "In the early stages of developing sports clubs in schools, it became very apparent that many children -even those with very mild disabilities- were not participating in any sports whatsoever – which sadly was due to many teaching staff perceiving their involvement as a '*health and safety risk*'."

"To help teachers understand exactly how to enable children with disabilities to participate, we developed bespoke training to raise teachers' awareness of ways in which to include children with disabilities."

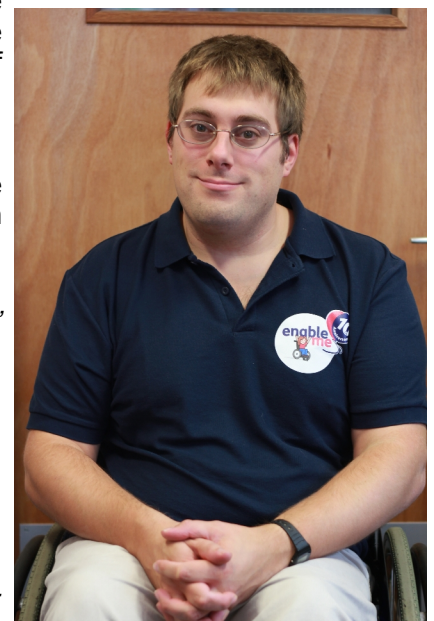
Celebrating its 10th birthday this year, the charity is further developing its workplace awareness courses, and is now focusing on businesses. "Our business development courses are designed to specifically promote equality, empathy and understanding in the workplace towards disabled people and disabilities." explains Chris. "Each module is designed to promote workplace inclusion, raising the confidence of staff by removing the barriers that exist – usually as a result of lack of training, lack of understanding and lack of knowledge."

"Again, as this service is delivered and designed by people that are themselves disabled, we are able to cover topics such as language, legislation, communications, and inclusive workspace provision, meaningfully and with great knowledge and experience on each matter."

On October 2nd, Enable Me will celebrate its tenth year by launching a song called 'Inside' at the 10th anniversary event – which will be available to download from this date.

Give a helping hand...

To find out more about Enable Me's business development courses, volunteering, donating or to simply support the charity in a way that is relevant to your business, please contact them on **01903 734400** or visit www.enablemeproject.org.uk
Enable Me is also seeking a trustee to strengthen its board and serve as Treasurer, if you, or anyone else suitable for the role would be interested, please contact Chris Jay on:
chris@enablemeproject.org.uk



Tax Diary September/October 2015



- 1 September 2015** - Due date for Corporation Tax due for the year ended 30 November 2014.
- 19 September 2015** - PAYE and NIC deductions due for month ended 5 September 2015.
(If you pay your tax electronically the due date is 22 September 2015.)
- 19 September 2015** - Filing deadline for the CIS300 monthly return for the month ended 5 September 2015.
- 19 September 2015** - CIS tax deducted for the month ended 5 September 2015 is payable by today.
- 1 October 2015** - Due date for Corporation Tax due for the year ended 31 December 2014.
- 19 October 2015** - PAYE and NIC deductions due for month ended 5 October 2015. (If you pay your tax electronically the due date is 22 October 2015.)
- 19 October 2015** - Filing deadline for the CIS300 monthly return for the month ended 5 October 2015.
- 19 October 2015** - CIS tax deducted for the month ended 5 October 2015 is payable by today.
- 31 October 2015** - Latest date you can file a paper version of your 2015 Self Assessment tax return.

Contact us

For further information on any of the stories in this month's newsletter, or for any other matter that Compass Accountants can assist you with, please contact Jeff Walton on 01329 844145.



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